

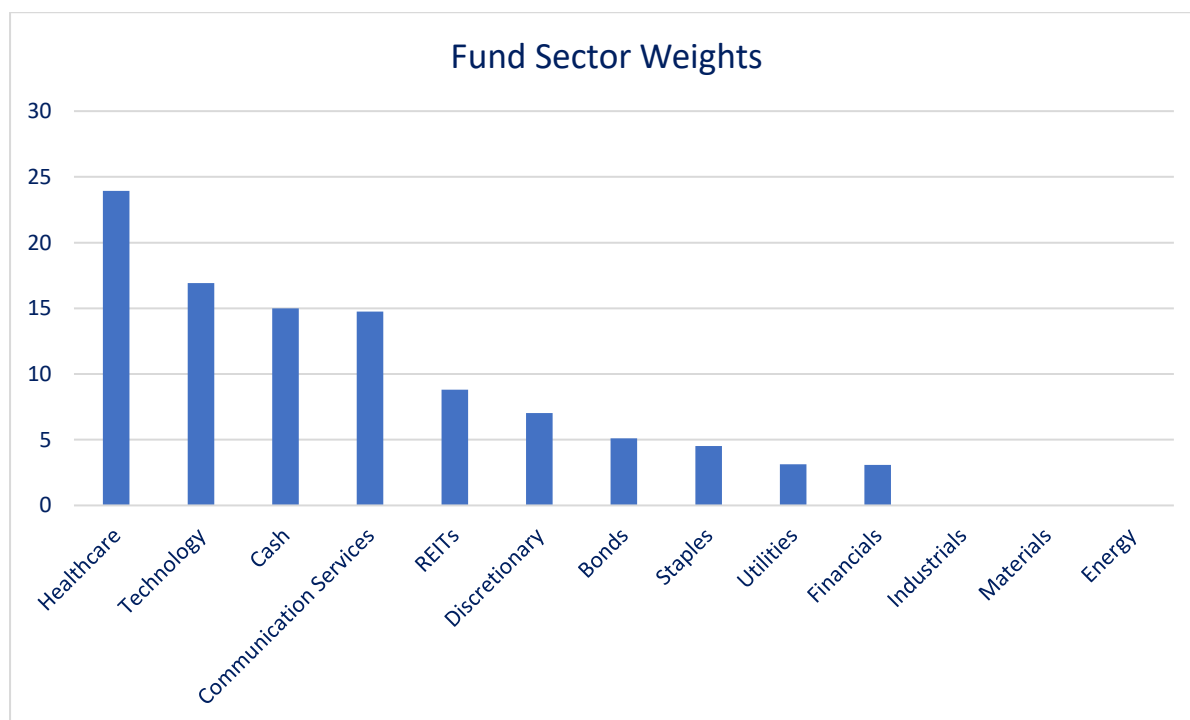
Standing Out from The Crowd:

In our view, the world changed when Covid 19 struck. It has changed how we live our lives in the near term but also most likely in the long term too, as some of the behaviours that we are having to put in place, like working-from-home, become more acceptable and agreeable over time. The same can be said about investing and this is why it's important to have an investment process that can incorporate big changes when they happen.

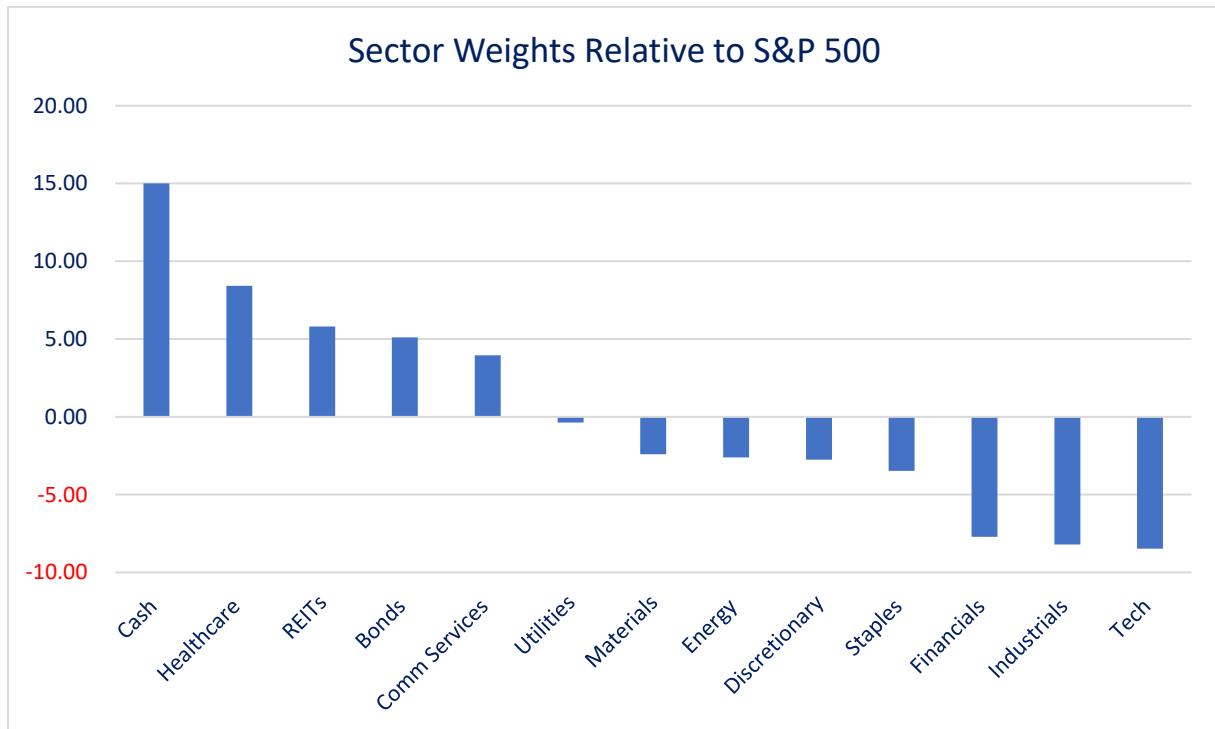
Whilst we don't yet know the full extent of the economic damage that the virus is going to cause we do know it's going to depress growth significantly over the next two quarters at least, leaving many unemployed. There are currently 10m unemployed and growing; the numbers at the depth of the Global Financial Crisis were around 6.5m*. So, times are going to get tough, especially for the consumer.

We have two parts to the portfolio, one for core holdings and one for tactical, and it's the tactical part where we express our views on macro factors and where the world is heading. Given all the uncertainty ahead we are very defensively positioned in this tactical bucket, and it's here where we really differentiate ourselves from other US Funds and from the S&P 500 itself.

This is how the portfolio is positioned by sector as at 8 April 20:



And this is what it looks like relative to the S&P 500:



There are three points I'd like to make here. First is the big cash position, 15% as of today. This will fluctuate, however, as we deploy capital opportunistically. The second is the position in Bonds, which dampens down the portfolio beta as well as adding some alpha typically when the stock market falls. And thirdly, technology; while Technology is our second biggest exposure in absolute terms, it is our biggest underweight vs the index. This is important because it's a non- consensus position to be underweight Tech and it's the largest absolute weight in the index.

As times get tougher, we believe it is much better to own individual stocks rather than a generic sector full of all sorts of stocks, some of whom won't make it to the other side of this contraction.

Felix Wintle, Fund Manager, VT Tyndall North American Fund, 9th April 2020

Source: Bureau of Labor Statistics & Tyndall Investment Management